

, 2016

Ms. Deborah Moberly, Office Chief
Indirect Cost Services
650 Capital Mall, Suite 7-400
Sacramento, CA 95814

Dear Ms. Moberly:

Enclosed please find our final Indirect Cost Rate Proposal for the fiscal year (FY) 2015. We request the final rate of 21.44%. Additionally, we request to negotiate a provisional rate for the FY 2017 at the same rate as the FY 2015 final rate. The proposal includes the following parts:

Part I: Narrative

- Organizational contact information,
- Rate Information,
- Base Description,
- Negotiation History,
- Signed Cost Policy Statement,
- Organization Chart,
- Signed Certificate of Indirect Cost,
- Signed Lobbying Certificate, and
- Signed Treatment of Paid Absences

Part II: Schedule of Expenditures

- Schedule B – Indirect Cost Pool Personnel Salaries, Wages and Fringe Benefits
- Schedule C – Summary Schedule
- Schedule D – Subawards
- Schedule E – SEFA
- Schedule F – Contractual/Professional Services

The above documents are separately listed in the attached checklist with the corresponding page numbers in the proposal. If you have any questions concerning the information in this proposal, please do not hesitate to contact us at (123) 123-4567.

Sincerely,

Robert Smith, Executive Director
"Name of Organization"

"Name of Organization"

EIN: 12-1234567

1234 Front Street
Anytown, State 95668-1111

Tel: (123) 456-7890

Fax: (123) 456-7891

Website: <http://www.non-profit.org>

Contact Person(s): Robert Smith, Executive Director
Andrea Brown, Finance Officer

Email: rsmith@non-profit.org

Email: abrown@non-profit.org

A. ORGANIZATIONAL PROFILE

"Name of Organization" is a non-profit located in Anytown, State. The non-profit administers a variety of programs funded by Federal, State, and Local agencies. These programs include Community Service programs, Head Start programs, State Source Reduction Assistance Programs, Pollution Prevention Grants, and Environmental Policy and Innovation Grants.

B. TYPE OF RATE AND FISCAL PERIOD(S)

We are requesting to negotiate the following indirect cost rate(s):

(a) Final Rate for FY ending September 30, 2015, and

(b) Provisional Rate for FY ending September 30, 2017 based on the FY 2015 Final Rate. A separate proposal is not provided.

C. PROPOSED RATE(S)

Indirect Cost Pool	<u>524,202</u>	
Direct Cost Base	2,445,345	= 21.44%

D. DESCRIPTION OF THE BASE USED IN THE RATE COMPUTATION

The "Name of Organization" uses the following base for the indirect cost rate calculation:

-- Base (Total Direct Costs less capital expenditures, passthrough funds, and subawards/subcontracts in excess of the first \$25,000)

D. NEGOTIATION HISTORY

-- We have received an official written approval of our indirect cost rate from Interior Business Center, U.S. Department of the Interior.

E. COST POLICY STATEMENT

I. General Accounting Policies:

- (a) Basis of Accounting – Accrual Basis
- (b) Fiscal Period – October 1 through September 30
- (c) Allocation Basis – Direct Allocation Basis
- (d) Indirect Cost Rate Allocation Base – Indicate the rate calculation base identified in section C above.
- (e) (If NAME OF ORGANIZATION Nonprofit Organization needed a fringe benefit rate, it would describe its fringe benefit allocation base at this point)
- (f) NAME OF ORGANIZATION maintains adequate internal controls to insure that no costs is charged both directly and indirectly to Federal contracts or grants.
- (g) NAME OF ORGANIZATION accumulates all indirect costs and revenues in accounts titled, "Indirect Cost-Expense" and "Indirect Cost-Revenue" respectively.

II. Cost Allocation Methodology used for the Financial Statements: The "Name of Organization" allocates some general management expenses on a functional basis among its various programs supporting services benefited based on the method deemed appropriate by the auditors. The remaining Management and General expenses shown on the financial statements page 5 does not reflect the total organizational management costs.

III. Description of the Cost Allocation Methodology Used for the Program Funding Reimbursement and the Indirect Cost Rate Development:

(a) Salaries and Wages

- 1. **Direct Costs** – The majority of NAME OF ORGANIZATION's employee's direct charge their salary costs since their work is specifically identifiable to specific grants, contracts or other activities of the organization such as lobbying, fund raising or providing services to members. The charges are supported by auditable time records which reflect the actual activities of employees.

- 2. **Indirect Costs** – The following staff charge 100% of their salary costs indirectly:

Executive Director
Chief Financial Officer
Personnel Officer
Secretary to the Executive Director
Receptionist

- 3. **Mixed Charges** – The following employees may charge their salary costs to both direct and indirect activities:

Project Officer
Director of Operations

Data Entry Clerk

The distinction between direct and indirect is primarily on functions. For example, when the positions shown are performing functions that are necessary and beneficial to all programs they are indirect. When functions are specific to one more programs they are direct because they do not benefit all.

Auditable time records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges. The time records are certified by the Executive Director.

Release time costs (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. Consequently, separate claims for release time costs are not made. NAME OF ORGANIZATION's accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is recorded as a cost in the period earned.

(b) Fringe Benefits

NAME OF ORGANIZATION contributes to the following fringe benefits for its employees: unemployment insurance, workers' compensation, F.I.C.A., health insurance, and matching contributions to a defined benefit pension plan.

Since NAME OF ORGANIZATION's accounting systems tracks fringe benefit costs by individual employee and charges those costs directly or indirectly in same manner as salary and wage costs are recorded, NAME OF ORGANIZATION does not need to have a fringe benefit rate established.

(c) Travel

Travel costs are charged either as a direct charge or an indirect charge depending upon the predominant purpose of the trip. Costs incurred for travel are supported by auditable travel vouchers and costs are limited to those allowable under the Federal Travel Regulations, unless expressly allowed by a contract or grant.

(d) Board Expenses

Board expenses charged on an indirect basis are for travel to/from Board meetings (limited to expenses allowed under the Federal Travel Regulations) and an annual fee of \$250 paid to each Board member. Other Board expenses are absorbed by NAME OF ORGANIZATION and are not charged either directly or indirectly to Federal contracts or grants.

(e) Supplies and Material

To the maximum extent possible, office supplies and materials are direct charged to the contract/grant which uses the supplies or materials. Supplies and materials used by staff who are engaged in indirect activities will be charged on an indirect basis.

(f) Occupancy Expenses

Rent – NAME OF ORGANIZATION occupies space it leases from Lessor Corporation. The lease provides for equal monthly payments during the term of the lease. Monthly lease costs are allocated, based on square footage, directly and indirectly as follows:

- a. Direct Costs – The cost of space occupied by staff whose salaries are direct charged to costs directly.
- b. Indirect Costs – The cost of space occupied by staff whose salaries are indirectly charged is charged indirectly. The cost of space for staff whose salaries are charged on a mixed basis will be allocated on a mixed basis in the same ratio as their salaries are allocated.

The cost of space required for common rates (hallways, restrooms, and NAME OF ORGANIZATION's conference room) will be accounted for as an indirect cost.

NAME OF ORGANIZATION has developed a floor plan which identifies what areas are designated as direct and indirect charge space (based on square footage).

(g) Utilities

NAME OF ORGANIZATION's lease includes the costs of all utilities except electricity. The cost of electricity is charged directly and indirectly in the same ratio as its space costs are charged.

(h) Communications

A log is maintained of all fax transmissions. The cost of fax services is charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

Long distance telephone calls are charged either directly or indirectly based upon whether a direct or indirect activity benefits from the transmission.

Local telephone service costs are prorated to direct and indirect charged based upon the number of telephone instruments assigned to NAME OF ORGANIZATION. Each telephone instrument is identified to either an indirect or direct activity. For example, NAME OF ORGANIZATION has 50 telephone instruments assigned to it. Nine of the 50 instruments are assigned to the Employment and Training program. Therefore, 9/50ths of the monthly local service charges are direct charged to the E&T grant. Five of the instruments are assigned to indirect staff; therefore, 5/50's of the monthly local

service charges are charged indirectly. No telephone instruments are charged on a mixed basis since the costs incurred on that basis are immaterial in amount.

NAME OF ORGANIZATION uses a meter system for postage charges. The postage meter has been programmed to identify the specific program or activity to charge costs against. Express mail costs are also specifically identified to the program or activity incurring the costs.

(i) Photocopying and Printing

NAME OF ORGANIZATION maintains a photocopy activity log. From this log, NAME OF ORGANIZATION is able to prorate its photocopy expenses to each program based on the specific volume of copies made for each program. Administrative personnel will record copies made to the benefiting program to the maximum extent practical. In situations where the photocopies being made by administrative personnel cannot be identified to a specific program and the matter being copied relates to the activities of NAME OF ORGANIZATION in general, the cost of such copies will be charged to the "Indirect Cost-Expense" account.

Printing expenses are charged to the benefiting activity.

(j) Outside Services

NAME OF ORGANIZATION incurs outside service costs for its annual audit, legal fees, and for staff development specialists.

The cost of the annual audit is charged indirectly.

In general, legal fees are charged directly to the benefiting program or activity.

Legal fees that are not identifiable to specific direct programs are charged indirectly.

(k) Capital Items

Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item is charged indirectly. The cost of capital items purchased with non-Federal funds are recovered through depreciation charges.

(l) Depreciation Charges

The cost of capital items purchased with non-Federal funds which are used in a manner which benefits Federal programs is recovered through depreciation charges. NAME OF ORGANIZATION recovered the cost of capital items using straight line depreciation methods in accordance with generally accepted accounting principles. Depreciation charges are charged indirectly.

(m) Service to Members

The cost of activities performed primarily as a service to member, clients, or the general public are classified as direct costs and bear their fair share of indirect costs. These activities include: maintenance of membership rolls, subscriptions, publications, and related functions, providing services and information to members, legislative or administrative bodies, or the public; promotion, lobbying and other forms of public relations; meetings and conferences except those held to conduct the general administration of NAME OF ORGANIZATION Nonprofit Organization; maintenance, protection, and investment of special funds not used in operation of NAME OF ORGANIZATION; and administration of group benefits on behalf of members or clients including life and hospital insurance, annuity or retirement plans, financial aid, etc...

(n) Unallowable Costs

NAME OF ORGANIZATION recognizes that the following costs are unallowable charges to Federal awards and has internal controls in place to insure that such costs are not charged to Federal awards:

Fundraising,
Entertainment/Alcoholic Beverages,
Lobbying,
Capital Expenditures unless expressly authorized by a Federal award,
Advertising/Marketing (other than for recruitment of staff or for the disposal of property)
Bad Debts,
Fines and Penalties &
Contributions.

Note: The unallowable fundraising activities listed above include personnel costs which benefits from the "Name of Organization's" facilities and administration costs, therefore included in the direct cost base per 2 CFR 200.413(e).

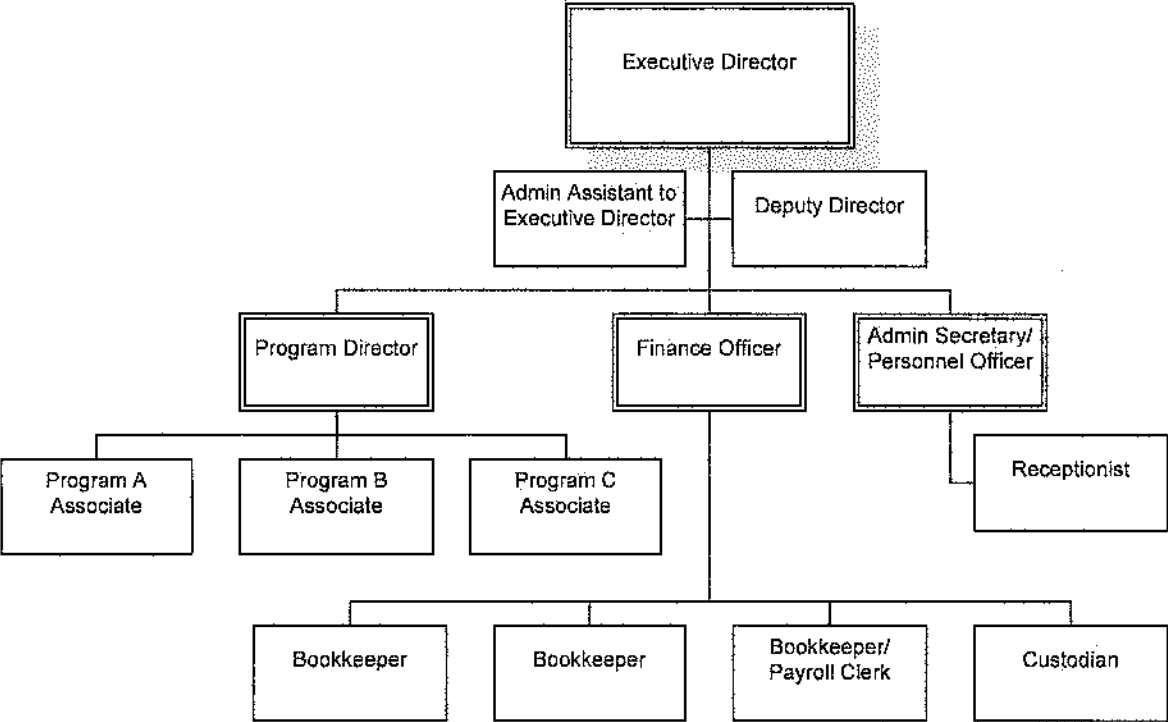
(Signature)

(Date)

(Title)

NAME OF ORGANIZATION Nonprofit Organization
1111 Elm Street
Mount Pleasant, PA 15666

Organization chart as of FY XXXX:



Certificate of Indirect Costs

Certificate of Indirect Costs For Indirect (F&A) Cost Rate

This is to certify that to the best of my knowledge and belief:

- (1) I have reviewed the indirect (F&A) cost proposal submitted herewith;
- (2) All costs included in this proposal [identify date] to establish billing or final indirect (F&A) cost rates for [identify period(s) covered by the rate(s)] are allowable in accordance with the requirements of the Federal awards to which they apply and with Subpart E-Cost Principles of Part 200.
- (3) This proposal does not include any costs which are unallowable under Subpart E-Cost Principles of Part 200 such as (without limitation): public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and
- (4) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the Federal awards to which they are allocated in accordance with applicable requirements.

I declare that the foregoing is true and correct.

Nonprofit Organization: _____

Signature: _____

Name of Official (printed): _____

Title: _____

Date of Execution: _____

This certification:

- Is a requirement per 2 CFR Part 200 Subpart E Subsection 200.415 and Appendix IV Section D;
- Must be submitted as part of the annual indirect cost rate proposal; and
- Must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the organization.

Lobbying Cost Certificate

LOBBYING COST CERTIFICATE

I hereby certify that the _____
(Name of organization)

has complied with the requirements and standards pertaining to lobbying costs in accordance with
2 CFR Part 200 for the following period: _____
(fiscal year(s) covered by the indirect cost proposal)

Signature: _____

Name of Official (printed): _____

Title: _____

Date of Execution: _____

This certification:

- Is a requirement per 2 CFR Part 200 Subpart E Subsection 200.450(c)(2)(vi);
- Must be submitted as part of the annual indirect cost rate proposal; and
- Must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the non-Federal entity.

Statement of Treatment of Paid Absences

Statement of Treatment of Paid Absences

☒ (A) Treatment of paid absences: Vacation, holiday, sick leave, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for the salaries and wages. Separate claims for the costs of these paid absences are not made.

☐ (B) Treatment of paid absences: Vacation, holiday, sick leave pay and other paid absences are included in the organization's fringe benefit rate and are not included in the direct cost of salaries and wages. Claims for direct salaries and wages must exclude those amounts paid or accrued to employees for periods when they are on vacation, holiday, sick leave or are otherwise absent from work.

☐ (C) None of the above treatments are applicable. Here's how paid absences are treated:

I certify that the above selection is correct.

Nonprofit Organization: _____

Signature: _____

Name of Official (printed): _____

Title: _____

Date of Execution: _____

This certification:

- Is required the first time that a nonprofit organization negotiates an indirect cost rate, and thereafter only when the treatment of paid absences changes; and
- Must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the organization.

Name of Your Organization
FY 2015
Schedule B - Indirect Salaries and Fringes

Title/Description	Actual FY 2015 Salaries 1/	% Included As Indirect 2/	Actual FY 2015 Indirect	Comments
Executive Director	60,000	40.00%	24,000	General Management
Asst. to Exec. Dir.	55,000	40.00%	22,000	General Management
VP of Administration	50,000	100.00%	50,000	General Management
VP of Operations	42,000	35.00%	14,700	General Management
Asst. to VP of Operations	30,000	15.00%	4,500	General Management
Accounting Staf	40,000	100.00%	40,000	Finance & Accounting
IT Staff	40,000	100.00%	40,000	IT
HR Staff	35,000	100.00%	35,000	Human Resources
Purchasing Staff	30,000	100.00%	30,000	Procurement
Total Salaries 3/	382,000		260,200	To Exh. C
Fringe Benefits on Above Salaries:				
FICA			9,000	
State Unemployment			13,000	
Health/Life Insurance			30,000	
Subtotal Fringe Benefits			52,000	To Exh. C
Total Indirect Salaries & Fringes			312,200	To Exh. C

1/ Actual expenditures are reconcilable to the audited financial statements (Statement of Functional Expenses), IRS Form 990, Trial Balance, and/or other supporting documentation.

Name of Your Organization
FY 2015
Schedule C - Summary Schedule

Schedule C - Summary Schedule

Cost Elements	(A-B+C-D)					(F-G)			(A+C+D)	
	Direct Costs		Indirect Costs		Total Direct Cost Base	Indirect Costs		Total Indirect Cost Pool	Total Expenditures per Financial Statements	
	A	B	C	D		E	F			G
Salaries	1,000,000		58,000		1,058,000	260,200		260,200	1,318,200	
Fringe Benefits	200,000		10,000		210,000	52,600		52,600	262,600	
Total Salaries and Fringes	1,200,000	0	68,000	0	1,268,000	312,200	0	312,200	1,580,200	
Bank Fees	0		0	5,000	5,000	6,750	(5,000)	1,750	6,750	
Depreciation	74,535		2,500		77,035	6,774		6,774	83,809	
Dues and Subscriptions	3,600		430		4,030	1,900		1,900	5,930	
Equipment Rental	54,000		200		54,200	8,900		8,900	63,100	
Insurance	12,000		1,090		13,090	2,600		2,600	15,690	
Misc/Other	16,510				16,510	678		678	17,188	
Occupancy	124,000		22,000		146,000	60,000		60,000	206,000	
Outreach	90,000		0		90,000	0		0	90,000	
Postage and Shipping	14,500		16,700		31,200	8,500		8,500	39,700	
Printing and Publication	21,000		1,300		22,300	3,000		3,000	25,300	
Professional services (see Exh F)	109,000	(8,000)	8,000		109,000	77,000	(8,500)	68,500	185,000	
Program supplies	180,000		14,000		194,000	26,000		26,000	220,000	
Repair & Maintenance	80,000		4,500		84,500	6,900		6,900	91,400	
Research materials	110,000		0		110,000	0		0	110,000	
Subwards (Exh E)	115,000	(90,000)	0		25,000	0		0	115,000	
Telephone & Internet	12,200		11,900		24,100	6,000		6,000	30,100	
Travel & Training	50,000		1,380		51,380	6,400	(900)	5,500	57,780	
Utilities	118,000		1,000		119,000	5,000		5,000	124,000	
Volunteer Services	10,000	7/	0		10,000	0		0	10,000	
Bad Debts	10,000	(10,000)	0		0	0		0	10,000	
Interests	500	(500)	0		0	2,030	(2,030)	0	2,530	
Donations	8,000	(8,000)	0		0	0		0	8,000	
Penalties	0		0		0	250	(250)	0	250	
Total Other	1,203,845	(116,500)	85,000	5,000	1,177,345	228,682	(16,680)	212,002	1,517,527	
TOTAL EXPENSES	2,403,845	(116,500)	153,000	5,000	2,445,345	540,882	(16,680)	524,202	3,097,727	
	F/S (5)	A	F/S (5)	B	C	F/S (5)	D	E	F/S (5)	
	Must tie to F/S		Must tie to F/S			Must tie to F/S		check	Must tie to F/S	
	2,445,345		153,000	5,000	2,445,345	540,882	(16,680)	524,202	3,097,727	
								check	check	

Reconciliation:
Direct Costs:
524,202 F
Indirect Costs:
116,500 A
Program Exclusions:
(5,000) B
Fundraising Exclusions
Pool Exclusions:
16,680 D
Total Expenses:
3,097,727 F

Federal Percentage Calculation:
Funds in base : 1,116,340
Total base : 2,445,345 = 45.65%

Federal Percentage Calculations:
Funds in base : 1,116,340
Total base : 2,445,345 = 45.65%

Indirect Cost Rate Calculations:
Indirect Cost Pool E : 524,202
Direct Cost Base C : 2,445,345 = 21.44%

Adjustments/Unallowable Costs:
1/ Subwards in excess of \$25,000
2/ Legal costs related to lawsuits against the federal government
3/ Unallowable entertainment costs
4/ Unallowable marketing cost
5/ Unallowable bad debts, interests, donations, penalties
6/ Reclassified merchant credit card fees to fundraising
7/ In-House volunteer services. Included in base for they benefited from indirect costs

Name of Your Organization

FY 2015

Schedule D - Subaward Schedule

* Only the first \$25,000 of each subaward is allowable (regardless of the period covered by the subaward).

For example, if \$25,000 was already included in the base in fiscal year 2014, then none should be included FY 2015.

Project #	Subawardee Name	Total Amount of Subaward	A	B	C	D	E	F	G	H	(A-G) Amount to Exclude
			Amount Spent in FY 2015	Multi-Year Awards FY 2015 is year	Included in FY 2011 Base	Included in FY 2012 Base	Included in FY 2013 Base	Included in FY 2014 Base	Included in FY 2015 Base	Allowable As Direct	
x	A	300,000	35,000	5 of 5	75,000	100,000	55,000	35,000	35,000	0	35,000
xx	B	65,000	20,000	4 of 5		10,000	15,000		20,000	0	20,000
xxx	C	65,000	20,000	3 of 4			5,000	8,000	20,000	0	20,000
xxxx	D	40,000	15,000	2 of 2				25,000	15,000	0	15,000
xxxxx	E	25,000	25,000	1 of 1					25,000	25,000	0
Total			115,000		75,000	110,000	75,000	68,000	115,000	25,000	90,000 To Exh. C

Name of Your Organization
Schedule E - Federal Expenditures

Schedule E-1 [FY 2015 (based on actual)]

Program Title	Amount Received
Environmental Protection Agency:	1,843,007
Department of Agriculture:	353,103
Department of Education:	74,857
Total Federal Expenditures	<u>2,270,967</u>
	Must tie to F/S

Name of Your Organization
FY 2015

Detail of Indirect Contractual/Professional Services	Amount	Description of Service Rendered
AMC CPA	20,000	Audit
QAN HR Services	17,000	HR and Payroll Services
TMS Legal	12,500	Labor laws-compliance review
XYZ Management Groups	8,000	Revisions to employee health benefits and retirement plan
DEF Tech	9,000	IT Services
ABC Pest Control	\$2,000	Pest control service
JAM Designs	8,500	Merchandise logo design
Total	<u>\$77,000</u>	To Exhibit C

Detail of Indirect Other/Miscellaneous	Amount	Description of Service Rendered
Gas	384	Local travel with org vehicle for official business
Food	294	Administrative meetings held during lunch hours
Total	<u>\$678</u>	To Exhibit C